

Message Text

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45

ACTION EB-07

INFO OCT-01 EA-06 ISO-00 AGR-05 EUR-12 NEA-10 ARA-06 IO-10

AF-06 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

COME-00 FRB-03 TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04

SIL-01 OMB-01 STR-04 CEA-01 /133 W

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5559

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E. O. 11652: NA

TAGS: EAGR, RP

SUBJECT: RUMORED PHILIPPINE SUGAR SALES

PASS STARKEY/USDA/FAS/S&TP

REF: A. MANILA 7803 B. MANILA 9226

1. ACCORDING TO AN ARTICLE IN ONE MAJOR MANILA DAILY NEWSPAPER, DATED JULY 17, THERE IS A RUMORED 350,000 TON SALE OF PHILIPPINE RAW SUGAR TO RUSSIA.

2. CONVERSATION WITH TRADE CONTACTS (SUGAR OPERATORS) IN THE PHILIPPINES REVEAL THE FOLLOWING: (A) THE RUMORED RUSSIAN SALE HAS SOME CREDIBILITY; (B) THERE IS ANOTHER RUMORED SALE OF 90,000 TONS OF PHILIPPINE RAWS TO THE PRC; (C) A THIRD RUMOR OF A SALE OF 50,000 TONS OF REFINED SUGAR TO SAUDI ARABIA; (D) ANOTHER RUMOR THAT ABOUT 100,000 TONS OF RAWS HAVE BEEN SOLD TO DESTINATIONS IN THE MIDDLE EAST OTHER THAN SAUDI ARABIA.

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3. COMMENT: THE TOTAL OF THE ABOVE RUMORED SHIPMENTS FALLS INTO PLACE

COMPATIBLE WITH AN EARLIER PUBLIC STATEMENT MADE BY JUAN PONCE ENRILE (SECRETARY OF DEFENSE) AND REPORTED IN REF A. ENRILE'S STATEMENT, AS IT APPLIED TO THE U.S., IS ALSO BEGINNING TO TAKE SHAPE AS THE DONA CORAZON (27,888 TONS) SAILED ON JUNE 27 WITH A U.S. PORT AS ITS DESTINATION (SEE REF B) AND THE PAULINA CARRYING ABOUT 23,500 TONS DEPARTED THE PHILIPPINES ON JULY 16 DESTINED FOR THE US.

4. IF THE RUMORED SALES ARE TAKING PLACE, THE PNB IS BYPASSING THE TRADITIONAL SUGAR BROKERAGE HOUSES IN THE PHILIPPINES AND CONTRACTING DIRECTLY WITH THE RUSSIANS, CHINESE, ETC. THE BROKERS FEAR THAT THIS IS HAPPENING. THE CONTRACTS ARE APPARENTLY BEING SOLD TO THE BUYERS F.O.B. PHILIPPINE BASIS AND THE BUYERS ARE ARRANGING THEIR OWN SHIPPING.

5. THE RUMORED SALE OF REFINED SUGAR WAS COMPLETELY UNEXPECTED CONSIDERING THAT THE INDUSTRY RATED CAPACITY FOR REFINING IS 540,000 S. TONS ANNUALLY, TRADITIONALLY, PHILIPPINE SUGAR CONSUMPTION IS ABOUT 50 PERCENT REFINED AND 50 PERCENT IS CONSUMED IN EITHER RAW OR WASHED FORM. UNDERSTAND THAT REFINERY STOCKS HAVE RECENTLY INCREASED TO ABOUT 50,000 TONS ABOVE NORMAL LEVELS (140,000 TO 150,000 TONS). THE RUMOR FROM ONE SOURCE IS THAT PNB MADE THE REFINED CONTRACT FOR 24 1/2 U.S. CENTS PER POUND LAST WEEK.

6. WHILE TRADITIONAL SOURCES HAVE LITTLE HARD INFORMATION ON ANY OF THE ABOVE, THE REPORTEDLY SALE TO THE U.S.S.R. VARIES FROM 100,000 TO 600,000 TONS, AND RUMORS OF SOVIET SHIP FIXINGS RANGE 32-38 VESSELS VARIOUSLY DESTINED FOR EASTERN REGION, BLACK SEA AND EASTERN EUROPEAN PORTS. MANILA'S ALWAYS BUSY RUMOR MILLS, OF COURSE, WILL GRIND THIS KIND OF GRIST EXCEEDING FINE. A PUZZLER IS THE TIMING, IF A SOVIET DEAL HAS BEEN MADE. UNLESS THE RUSSIANS ARE RUNNING AHEAD OF WHAT THEY SEE AS A RISING MARKET TO MEET URGENT NEEDS, A DEAL OF THE REPORTED SIZE SEEMS IMPORTANT ENOUGH FOR SOME MORE PROPITIOUS ANNOUNCEMENT--POSSIBLY THE ANTICIPATED OPENING OF DIPLOMATIC TIES WITH MANILA FOLLOWING A MARCOS VISIT TO MOSCOW. OF COURSE, RUMOR IS SAID TO HAVE STARTED IN NEW YORK AND IT COULD WELL REFLECT MERE SPECULATIVE FUN AND GAMES.

7. APPRECIATE ANY LIGHT DEPARTMENT OR USDA CAN SHED.
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Message Attributes

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